



THE STATE  
of **ALASKA**  
GOVERNOR SEAN PARNELL

**Department of  
Health and Social Services**

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March 26, 2014

Honorable Mia Costello  
State Capitol Room 501  
Juneau, AK 99801

Honorable Mia Costello:

Thank you for allowing me to respond to the House Finance Committee's discussion of HB 134 and, specifically, the evolution of the fiscal notes from the Department of Health and Social Services (DHSS).

HB 134 does not impact any payer other than Alaska Medicaid. State of Alaska health insurance plans, other prescription drug benefit plans, and Medicare part D plans are not implicated in the bill. Also, regardless of whether or not an additional payment is made for packaging medications in a mediset, a pharmacy is always authorized to prepare prescriptions in patient compliance packaging. HB 134 would not impact the profession's ability to dispense prescriptions in medisets; it would only require Medicaid to pay a separate fee for doing so. Finally, the bill does not prohibit single-pill medisets.

Historically, the Alaska Medicaid program paid a dispensing fee each time a drug in a mediset was dispensed. Currently, Medicaid pays a single monthly dispensing fee for each drug and an additional mediset fee for each medication up to once per week.

House Bill 134, as introduced, required the Alaska Medicaid program to pay a dispensing fee with or without a separate mediset fee for dispensing and transporting medications in compliance packaging and required the Department to consider certain specific costs in determining the fee. The committee substitute focuses on the mediset fee and clearly delineates it from the dispensing fee. The costs for DHSS to implement the committee substitute will be zero, compared to previous versions which would have required additional costs.

- The committee substitute eliminates the requirement for DHSS to pay a weekly dispensing fee, saving approximately \$1 – 2 million annually. The Legislative Research report contained in the committee record references \$2.8 – 2.9 million annual average expenditures over the prior four years, for comparison.
- The committee substitute removes the requirement for DHSS to reimburse actual transportation costs as a separate cost. If all mediset pharmacies mailed prescriptions to all mediset recipients statewide – including Fairbanks, in which at least one mediset pharmacy pledged to expand service – this cost could exceed \$2 million in transportation costs. The assumptions in our fiscal notes did not include

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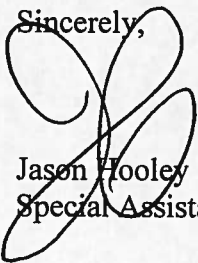
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100% coverage for these services, but nonetheless, the costs are avoided entirely per the current drafting.

- All of the services listed under section (b) are currently reimbursed as part of the dispensing fee, or could be. Federal regulations prohibit DHSS from paying twice for the same service; if a service is included in the dispensing fee, it will not also be included in the mediset fee. The committee substitute also removes the requirement for a new dispensing fee survey, eliminating additional costs.

Please let me know if you have additional questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Jason Hooley", written over the printed name.

Jason Hooley  
Special Assistant to the Commissioner